

March 8, 1976

SENATOR MURPHY: In that event, if there are claims beyond what the fund has if the fund should become inoperative what becomes of the claim of the injured person? Under the Guarantee Act it would be automatically co-insured by other insurance companies. If you exempt yourselves from that proposition then you also exempt yourself from guarantee by other companies that the claimant will not, in fact, be left holding the bag. I'm curious, what becomes of your proposition if the fund is inadequate to meet a just claim?

SENATOR DeCAMP: We reached the point there where we say we believe that will not happen. You can say "Yes, but what if...." and we have to finally resort in saying we believe the bill is adequate and that will not be a problem. In other words, we aren't guaranteeing a perfect system of anything. We're guaranteeing what we believe is a reasonable solution. Senator Cavanaugh can address that further if he chooses.

SENATOR MURPHY: In as much as all other mutual companies are in the Guarantee Act, what is the specific occasion for exempting these two entities?

SENATOR CAVANAUGH: Senator Murphy, I think that was adequately addressed and covered at the public hearing in which we're trying to create an alternative insurance system here to lower the rates. That's what the whole malpractice issue is all about, as I'm sure you are aware.

SENATOR MURPHY: Are you also saying that an unstable fund should be created by exempting yourself from the Guarantee Act?

SENATOR CAVANAUGH: Well, of course, we know that that is a question ultimately and almost exclusively of judgement. In my judgement we provide a \$500,000 reserve here. I think given the normal experience in the State of Nebraska that that is going to be more than adequate and that this is going to be a stable operation.

SENATOR MURPHY: Have you now reduced this to a joint mutual of hospitals and doctors?

SENATOR CAVANAUGH: No.

SENATOR MURPHY: Or are you providing two mutuals under one bill?

SENATOR CAVANAUGH: No, there are two mutuals under the bill.

SENATOR MURPHY: There you go. Thank you.

SENATOR SIMPSON: Senator Mills.

SENATOR MILLS: Mr. President, members of the Legislature. As a member of the Banking Committee we did hear 809 and saw it completely amended there, much to the agreeance of some of us.